

Central Intelligence Agency



Washington, D. C. 20505

**DIRECTORATE OF INTELLIGENCE**

4 April 1986

**The Aquino Cabinet: A Preliminary Assessment**

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**Summary**

President Corazon Aquino's Cabinet is an amalgam of disparate elements with one common denominator: their repudiation of Ferdinand Marcos. Made up of successful businessmen, veteran politicians, and activist professionals who differ widely in background, ideology, and political style, the Cabinet emerged from two unlikely alliances formed out of political necessity: the teaming up of Aquino and now Vice President Salvador Laurel in December 1985 and their last-minute acceptance of former Marcos associate Juan Ponce Enrile into the anti-Marcos movement.

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Because the Cabinet includes such former antagonists as Defense Minister Enrile and Labor Minister Augusto Sanchez (an activist lawyer with past ties to the Communist Party), the new team will be able to function smoothly only if Aquino can downplay their differences and force them to cooperate. Power plays by Laurel and Enrile pose the most serious threats to unity. The latent radicalism of some individual Cabinet members may also create a problem for Aquino if she fails to develop and implement an effective reform program. The Cabinet is generally well disposed toward

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the United States, but its collective support for Aquino's "options open" policy on the issue of US bases conceals the attitudes of several Cabinet members, who believe that the bases should eventually be dismantled.

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### Dividing the Spoils

Since assuming office on 25 February, Corazon Aquino has named 22 people to Cabinet positions. In addition, the local press refers to three other appointees as members of her Cabinet; they were named to positions not previously of Cabinet rank. They are: Central Bank Governor Jose B. Fernandez (who was carried over from the Marcos government), Presidential Spokesman Renito Saguisag, and General Services Administrator Victor Ziga. We have considered them Cabinet members for the purposes of this paper.

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Most of the Cabinet members belong to either Aquino's or Laurel's personal following. We believe the distribution of portfolios between the two camps probably is a result of a deal Aquino and Laurel worked out in December 1985 when they agreed to run on the same ticket. Aquino's group, which comprises more than half of the Cabinet, consists of idealistic, democratic activists, many of whom were among her inner circle during the campaign. They include:

- Finance Minister **Jaime Ongpin**, a highly respected businessman.
- Trade and Industry Minister **Jose Concepcion**, another businessman.
- Executive Secretary **Joker Arroyo**, Aquino's personal lawyer.
- Presidential Spokesman **Renito Saguisag**, a human rights lawyer.
- Labor Minister **Augusto Sanchez**, a radical human rights lawyer.
- Justice Minister **Neptali Gonzales**, a former law professor.
- Information Minister **Teodoro Locsin, Jr.**, a journalist and Aquino's speechwriter.
- Tourism and Environment Minister **Jose Antonio Gonzales**, a businessman with close ties to the Aquino family.
- Agriculture Minister **Ramon Mitra**, a cattle rancher and former Congressman.
- Local Government Minister **Aquilino Pimentel**, a popular grassroots politician.
- Education Minister **Lourdes Quisumbing**, head of an elite Catholic women's college.

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- Social Services and Development Minister **Mita Pardo de Tavera**, a physician to the poor.
- Political Affairs Minister **Antonio Cuenco**, an opportunistic lawyer with close ties to the Aquino family.
- Good Government Commission Chairman **Jovito Salonga**, a lawyer and former Senator.

Laurel's group consists of old-style, patrician politicians who have generally supported his political ambitions in recent years. They include:

- Government Reorganization Commission Chairman **Luis Villafuerte**, a former Marcos Cabinet member.
- Natural Resources Minister **Ernesto Maceda**, another former Marcos associate, who fled the country in 1978.
- Public Works Minister **Rogaciano Mercado**, an ultra-nationalist lawyer.
- Transportation and Communications Minister **Hernando Perez**, a law professor.

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Because of a dearth of information, we are unable to determine the political loyalties of four other Cabinet members. They are:

- Budget Minister **Alberto Romulo**, a lawyer and accountant.
- General Services Administrator **Victor Ziga**, a lawyer and businessman.
- Economic Planning Minister **Solita Monsod**.
- Health Minister **Alfredo Bengzon**.

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Enrile, whom we classify as an independent, is the black sheep of the Cabinet because of his extremely close ties to Marcos. Aquino appointed Enrile because of his last-minute repudiation of Marcos and the key role he played in the military rebellion that brought her to power. By naming him, she displayed her gratitude to and garnered the support--at least for the time being--of the military reform movement. According to US officials, most of the military reformists view Enrile and Gen. Fidel Ramos as heroes; Ramos, who led the rebellion with Enrile, now serves as Armed Forces Chief of Staff.

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We believe Aquino retained Fernandez, also an independent, as Governor of the Central Bank because of his pivotal role in dealing with the nation's serious financial problems.

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He was appointed by, but always remained independent of, Marcos, and his experience and expertise are respected by the international creditors with whom he has worked in recent years to renegotiate the country's debt. [redacted] Ongpin insisted on Fernandez's appointment as a condition for his acceptance of the Finance portfolio. [redacted]

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In our judgment, the key players in the Cabinet are Laurel, Enrile, Ongpin, Concepcion, Fernandez, Pimentel, Mitra, and Arroyo. Enrile and the economic team hold portfolios that must be handled effectively if the new government is to counter the Communist insurgency and rescue the country's battered economy. Pimentel and Mitra will play crucial roles in establishing the new government's credibility and legitimacy in the countryside. Arroyo, as Aquino's chief of staff, will probably exercise significant influence in coordinating the Cabinet's overall activities. [redacted]

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### **Idealism Tempered With Pragmatism**

Aquino's personal Cabinet choices fortify her popular image as the "moral alternative to Marcos." They include several activist professionals who share the ethical and religious principles that were the basis of her campaign. Sanchez, Arroyo, and Saguisag, for example, are all outspoken civil libertarian lawyers. Ongpin, Concepcion, and Quisumbing are--like Aquino--deeply religious individuals with close ties to the Roman Catholic Church. [redacted]

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At the same time, Aquino has brought in individuals with a solid grasp of economic and political realities. Ongpin and Concepcion, for example, have each headed extremely successful businesses; [redacted] they are well qualified to confront the serious economic challenges they face. Mitra, Pimentel, and Salonga are veterans of hardball Philippine politics. [redacted]

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### **Some Past Links to the Communist Party**

Most of the members of Aquino's Cabinet are outspoken anti-Communists. However, at least five--Sanchez, Saguisag, Arroyo, Mercado, and Ziga--have been allied in the past to groups that the Communist Party of the Philippines has infiltrated. In our judgment, each of these five appears typical of the activists who during the early 1980s allied themselves to leftist groups because they were dissatisfied with the progress of the moderate opposition and saw participation in radical groups as the only viable anti-Marcos alternative available to them. Many of those activists rejoined the moderate camp when its prospects improved in early 1984. The participation of Sanchez, Mercado, and Ziga in the 1984 National Assembly elections and the early support of Saguisag and Arroyo for Aquino suggest that each has distanced himself from the CPP--which boycotted both the 1984 elections and the Aquino campaign. [redacted]

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### How Will the New Team Begin?

We believe that the Aquino Cabinet will formulate and attempt to implement its reform program cautiously. On the basis of their backgrounds and previous activities, we believe that the key players are intelligent and deliberate decisionmakers who are unlikely to act rashly and who will attempt to rein in the demands for rapid change that may be made by the public. The economic team (Ongpin, Concepcion, Fernandez, and Romulo) is US trained, fiscally conservative, and generally free market oriented. US Embassy officials report, however, that the members of this group do have their differences; for example, Concepcion may be the only one inclined to push for some protectionist measures. [ ]

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Because of her inexperience with military matters, Aquino has publicly claimed that she is allowing Enrile and Armed Forces Chief of Staff Ramos to take the lead in confronting the military's serious personnel, logistics, and morale problems. However, Embassy officials say that in reality she has effectively excluded Enrile from the chain of command and hopes to remove him from the Cabinet. She is relying primarily on Ramos--who is not a Cabinet member--to implement military reform and develop a counterinsurgency program. Ramos has already replaced most of the Marcos loyalists in the officer corps with reform-minded professionals. [ ]

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### Potential Trouble Spots

We believe that internecine squabbles are virtually certain to impair the Cabinet's functioning and jeopardize its plans for political, economic, and military reform. Laurel and Enrile, both of whom harbor longstanding presidential ambitions, will present the most serious challenges to Aquino's authority. Both politicians have long-established, formidable power bases. Although Laurel has been concurrently appointed Prime Minister and Foreign Minister, he probably thinks that Aquino is still indebted to him because he made a political sacrifice in agreeing to run under her and because it was his political machine that ran their campaign. Enrile retains strong ties to the remnants of Marcos's party, a well-entrenched political machine with a leadership gap that Enrile could attempt to partially fill. He might try to co-opt some of the party into his power base and use it as a political bloc in the Aquino government. Because of his hero status and longtime connections to the military, he might have the support of some of the officer corps. [ ]

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Aquino, who [ ] trusts neither Laurel nor Enrile, will have to keep close tabs on each and try to counter their moves or play them off one another in order to remain in charge. Whether she is politically astute enough to beat them at their own game is unclear. For the time being, however, her popular mandate has allowed her to set the rules. [ ] she often makes decisions independently of Laurel and excludes him from many policy planning sessions. [ ]

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The latent radicalism of some Cabinet members poses a potential threat to Cabinet unity. If those members who were once involved with CPP-linked groups become dissatisfied with Aquino's leadership, they might again see radical action as a viable alternative. In that event, they could decide to align themselves with the left--which has been largely isolated by Aquino's victory--and try to take some of Aquino's base of support with them. [ ]

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### **Attitudes Toward the United States**

As a whole, the Aquino Cabinet appears to be generally well disposed toward the United States. Embassy officials report that most of the members of the new team are long-time contacts who have been friendly with them. However, nearly all of the new Cabinet members are strong nationalists who have at one time or another made public statements attacking US support for the Marcos regime. Most of them--especially those from Aquino's camp--have also publicly criticized either the presence of the US military bases in the Philippines or the terms of the bilateral agreement that maintains them. Some Cabinet members, including Arroyo, Ongpin, Saguisag, Sanchez, and Salonga, appear to have tempered their criticism of the United States because of the positive role this country played in facilitating the removal of Marcos. They have also downplayed opposition to the US bases in deference to Aquino's wish that the issue be subordinated for the time being. [ ]

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We believe anti-US sentiment could reemerge if the strident nationalists in the Cabinet think that the United States is either patronizing or not supporting the Aquino government. In particular, the Cabinet could back away from its current support for Aquino's "options open" policy on the bases: several of its members, including key players such as Arroyo, Ongpin, and Pimentel, have often stated in the past that the bases should eventually be dismantled. [ ]

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